
Michigan: Jobs Today, Jobs Tomorrow



Jennifer M. Granholm
Governor
State of Michigan

State of the State Address

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Thank you.

Lieutenant Governor Cherry, Speaker DeRoche, Democratic Leader Byrum, Majority Leader Sikkema, Democratic Leader Emerson, members of the State Senate and House of Representatives, members of the judiciary, Secretary of State Land, Attorney General Cox, President Straus, members of the State Board of Education, my phenomenal Cabinet, my friend Frank Kelley, my best friend the First Gentleman Dan Mulhern, and citizens of this great state:

Good evening.

Will you all, in these chambers, join me in honoring a champion for children and families, a role model for many, who is stepping down from the bench this year, Supreme Court Justice Elizabeth Weaver.

Thank you, Justice Weaver.

My fellow elected officials, may I ask you to remain on your feet. We are public servants in this hall. We enter mindful that we are not the people's only public servants and that we are far from their greatest. Instead, we are humbled by those who show us that there is no greater love than this: to lay down your life in service to your neighbor. We honor those who take this risk every day – our fire fighters, our police officers and, particularly this year, our men and women in the armed services. With a moment of silence, may we, who are here, and those listening at home, remember those who have shown this greatest love and remember their families with whom we grieve and for whom we pray. . . Thank you.

I am struck by the way that our feelings for our troops touch what is best in *all* of us. In our care and concern for our troops and in our love for our country, we are, indeed, One Michigan. And I believe that in much the same way, we share a single, over-riding hope: that every person in Michigan will have the opportunity to build a good life – and we know that the foundation of that good life is a good paying job.

So, tonight, I will share with you my plan to reach that goal – a plan to grow jobs today and jobs tomorrow.

This is a plan that will put people to work *now* making Michigan a better place to live and do business.

It's a plan that will make Michigan a world center of research and home to the high-wage industries and jobs which that research will generate.

And, it's a plan that will make sure the people of Michigan – both children in school and adults in the workforce – have the skills they need to take those jobs and build strong families and live great lives here in Michigan.

Before I share with you the details of my plan to address the challenge of our future, we must glance, just for a moment, at the roots of that challenge.

For most of the 20th century, we didn't just enjoy economic success in Michigan, we defined it. Our innovators and entrepreneurs created the world's most productive companies, and our unions made sure that productivity led to broad middle class prosperity. We built our great state on the solid foundation of hard work, good jobs, and big ideas.

It will take the same brand of bold thinking to meet the challenge of our times. And, what is that challenge? To solve, in the next few years, a problem more than thirty years in the making. Thirty years in which the economy – both national and global – has been undergoing a technology led transformation, while much of Michigan's economy has not.

The first four years of this new century made this contrast painfully clear. We lost more than 170,000 manufacturing jobs in our state, the largest share of the 2 million lost nationwide. While other states were ready to replace those jobs with high-skilled, high-wage jobs in emerging, technology-based industries – Michigan was not.

It may be tempting to look back and wring our hands over missed opportunities for change in the preceding decades. But, I'm not interested at looking in the rearview mirror except to learn. Our challenge, today, is to look forward, to find the courage to make the changes our own time demands.

So, I ask you tonight to help build Michigan's future with me. Because the choice we face is stark: will we let Michigan's economy languish, or will we work together to create the good jobs our state needs? Will we stand still, or will we move forward?

My focus on jobs is not new. Last year, at this podium, I described for you seven roads we had to follow to make Michigan an economic powerhouse in the 21st century.

I said that to achieve that goal, Michigan needs both a robust business climate and a spectacular quality of life, because the job-producing businesses we need in our state demand both.

To create that business climate and that quality of life, I said we would undertake 27 specific initiatives to grow our economy. As of tonight, we have checked off 24. I will continue to press the Legislature to finish that list. But, let me share just a thimbleful of what we have accomplished:

- I said we would make health care more affordable and accessible. And, we have. For example, the MiRx card we introduced in September is already helping 20,000 families get their prescription drugs for less.
- I said we would protect our environment. And, we have. As literally the biggest example, last month, we announced the largest conservation project of its kind in the country that guarantees public access forever – more than 271,000 acres of hunting, fishing and vacation land in our Upper Peninsula. And, we preserved the forestry jobs that go with it.
- I said we would find new ways to improve our schools. And, we have in many ways. Here's one: in cities across the state – in Benton Harbor, in Flint, in Detroit, in Grand Rapids – 39 Family Resource Centers provide critical state family and health care services right inside struggling schools to help children learn by making families strong.
- I said we would protect our families. And, we have. Across the state, we've conducted massive fugitive felon sweeps that put nearly 950 violent repeat offenders back where they belong – behind bars.

- I said we would strengthen our cities to keep our young workforce in Michigan. And, we have. From Alpena to Saugatuck, and Kalamazoo to the Soo, 19 Cool Cities projects are revitalizing downtowns and neighborhoods.
- I said we would make Michigan a more nimble business partner. And, we have, slashing red tape and cutting the waiting time for permits, so that we are now the fastest permitting state in the nation.
- I said we would make our tax structure even more competitive. And, we have, by cutting taxes 32 times. In fact, we have by far the lowest business and income tax rates we have had in over three decades. And, it's about to get even more competitive.

I said we would make Michigan state government frugal and efficient, and, we have. In fact, *Governing* magazine has recognized Michigan as one of the best-managed states in the nation – only Utah and Virginia were ahead of us. Do you know what impressed them the most? That we have a clear plan, and we are working it with discipline.

And we're already seeing results:

- Job providers are saying yes to Michigan. Despite the national and international trends that have pushed Michigan's unemployment to unacceptable levels, our direct efforts have helped retain or attract more than 130,000 jobs last year.
- Global corporations from as far away as Germany are choosing Michigan to house their North American headquarters, while we're winning the head to head match-up to attract new corporate headquarters from as close as Ohio and Illinois.
- We have been listed as one of the nation's top five technology hot spots.
- We were designated as top in the nation by the Center for Digital Government as the most tech-friendly state government.
- And, this year, 2,400 small businesses opened their doors here in Michigan.

They are here for the same reasons we are. Because, Michigan, even with our challenges, is the greatest state in the country.

Today, in Michigan, we've developed a clear roadmap, and now we're ready to put the pedal to the metal.

Two weeks ago, I proposed the Michigan Jobs and Investment Act, the most sweeping change of Michigan's business tax structure in three decades. The change makes our state more competitive, because it keeps jobs today and attracts jobs for tomorrow.

When the act becomes law, three out of four business tax payers will pay significantly less. Over these last two weeks, this business tax cut has been welcomed by companies large and small. It's no wonder, because we have listened carefully to them to make sure this tax reform boosts their investment and their hiring.

Michigan businesses and workers need comprehensive reform that pulls jobs here rather than sending them elsewhere, so I urge you to make these changes. But, let me be clear: I will not accept tax legislation that is piecemeal or drives up the deficit. And, I'll say no to legislation that lobbyists load up with gifts and giveaways, special favors for the special interests.

Let's work together on this, and let's send a clear message to job producers: Michigan is rolling out the welcome mat for you, and you'll want to stay.

Two days from now, I'll introduce a new state budget, and it, too, will reflect our urgent focus on jobs.

Like the two budgets that came before it, my budget will protect the things that matter most to our citizens, while finding efficiencies and reducing costs. And, like others before it, we have made tough, tough choices to make ends meet.

In the past two years, we have eliminated \$3 billion in budget deficits. I have cut more from state spending than any governor before me. I have worked hard to guard your pocketbook as if it were my own, by saving in ways both big and small. We have saved millions of dollars by limiting no-bid contracts. We've hauled furniture out of basement storage for re-use, and I'm still using John Engler's cardboard coasters...I just turn them over. We're even saving money this year by not printing this speech in fancy book form. And, wouldn't our moms be shocked and delighted? We have finally learned to turn out the lights when we leave the room.

We've cut back on travel, reduced cell phone usage, and God bless our state employees who've agreed to work forty hours a week for thirty-eight hours pay. I know you will join with me in honoring them for doing much more with less.

In the coming days, I will present to the Legislature executive orders that will further reduce spending by streamlining state government. We will force state departments and agencies to share services, and we will abolish 70 commissions and boards. I will call on school districts across our state to share services to free up funds for teaching our kids. And, I will ask the Legislature to give me the authority to consolidate districts that refuse to take these kinds of prudent steps to move money out of the bureaucracy and into the classroom.

It is no exaggeration to say that everything that survived in this budget had to answer the question: "How important is this in our effort to promote the highest quality of life, to give our people opportunity, and to attract businesses and good paying jobs?"

Let me take a moment to talk about one item in my budget that passed that test – Medicaid.

Medicaid is the health plan that buys prescription drugs for Michigan grandparents. It provides check-ups for babies and new moms who can't afford insurance, and it pays for treatment for those with mental illness and for those with disabilities. Not just numbers in a budget – these are real people.

We have held the increase in per patient costs for Medicaid in Michigan to less than 2 percent. We're more frugal than the federal government and more frugal than private health plans...and, we'll continue to drive for those efficiencies. But, there are some here in Lansing and in Washington, who believe that the way to balance budgets is to deny basic health care to these, the most vulnerable members of our community. To them, I say, we will all be asked one day,

“when you saw me ill, what did you do?” and the answer will not be acceptable that we did not see, or worse, that we chose not to.

So, let there be no doubt: I will not cut off health care to the most vulnerable members of our Michigan family. And, I will fight back if Washington tries to rip health care from our most fragile citizens. We will not balance our budget on the backs of those least able to bear that burden. We are a family.

Our budget will keep our fiscal house in order and our priorities intact. And, our tax plan will remove big barriers to economic growth and jobs. But, we’ve got to do more to throw our state’s economic engine into high gear.

Even though it’s true that nearly 93 percent of our workforce in this, the greatest state in America, have jobs, it’s also true that our unemployment rate remains unacceptably high. Now, we are a resilient people. We have come through periods of economic challenge before – like the gas crisis of the early seventies and the 15 percent unemployment of the early eighties. But, we are also a people who expect candor, and here is the stark reality: the challenge is different now than it was in past times of high unemployment. We will recover again, but not through the traditional solutions of another era. Our situation demands candor with each other about the need for change and the need for aggressive leadership to drive that change.

This Jobs Today, Jobs Tomorrow plan takes dead aim at the challenge we now face.

21st Century Jobs Initiative

It begins with an unprecedented investment in the future of Michigan – an investment to create 72,000 new jobs by making our state a world-wide center of research and innovation. This year, I will ask Michigan voters to support the 21st Century Jobs Initiative by amending the state Constitution to allow the state to invest \$2 billion in bond money to create 21st century jobs – without raising taxes.

For years, leaders have said Michigan needs to get serious about diversifying its economy. My 21st Century Jobs Initiative will actually do it.

Mind you, we will not have to start from a dead-stop.

Michigan already leads the globe in advanced automotive design and manufacturing technology. We are already home to 85 percent of North America’s automotive research.

We already provide one of the greatest public community college and university networks in the world. Our research universities are world-renowned.

And, our Technology Tri-Corridor is funding path-making research in the advanced manufacturing, homeland security and, especially, life sciences sectors.

This investment in Michigan’s future will allow us to transform the state that put the nation on wheels into the state that makes those wheels run on pollution-free fuel cells or bio-diesel technology; the state where the research into alternative energies is done; the state where the clean technology is developed, and where the clean cars, products, and businesses are built.

And, Michigan, the Great Lakes State, could be the state that finally makes these United States independent of foreign oil.

- We will build the best laboratories and bring and grow the best scientists and researchers in Michigan.
- We'll create new sources of start-up funding to make sure the new businesses and entrepreneurs of tomorrow take root in Michigan today.
- We'll give our universities and research and development companies the ability to unlock hundreds of millions of dollars in federal research funds.
- And, we'll turn those ground-breaking ideas into world-beating products, spinning off jobs from sales to construction, from engineering to transportation, workers wearing everything from blue collars to lab coats to white collars and suit coats.

I am asking the Michigan Legislature to put this 21st Century Jobs Initiative before the voters this fall.

Michigan's future cannot wait.

Jobs Today Initiative

But, people need jobs today, as well. They can't wait either. So, tonight, I am announcing a Jobs Today Initiative that will create 36,000 jobs in the next three years by fast-forwarding \$800 million worth of state infrastructure improvement projects, creating new tools to spark city development, and giving school districts a new way to upgrade their buildings without raising taxes. Rather than waiting years to complete this work, this initiative will get these projects moving this construction season.

We will speed up the repair of roads and bridges.

We'll turn brownfield sites into useful development in our cities.

We'll invest to build affordable housing for families and seniors in Grand Rapids, Detroit and cities across our state.

We'll modernize schools for our kids and fix deteriorating campus buildings for our college students.

All of these projects are two-fers: they will put people to work and make Michigan a better place to live and do business.

In the weeks ahead, I will send this Jobs Today Initiative to the Legislature for approval.

Last year, I promised we would re-engineer our permit approval process for manufacturing facilities, and, we did. In October, we approved a General Motors plant in Flint in just 21 days...not 20 weeks or nearly 20 months like before...21 days. Why? Jobs were at stake. And, jobs are at stake now. I challenge you, in this Legislature, to move this initiative as if *your* job depends on it.

Also, when it comes to jobs today, I call on you to take action to increase the minimum wage. It is overdue. It has not been adjusted for eight years – back to a time when gas seemed expensive at \$1.22 a gallon. It is only fair to our workers – many of whom are supporting families on \$5.15 an hour, below poverty-line wages – to increase the minimum. I applaud those legislators championing this increase. They speak not only for Michigan workers but for the great majority of us who believe in the justice and decency of increasing the minimum wage.

Empowering Our Young People and Adults to Compete and Win Good Jobs

As we create the jobs of today and the jobs of the future, we must ensure that the people of Michigan – whether they are children in school or adults in the workforce – have the skills those jobs demand. That will require dramatic changes in our schools and the way we think about education.

For years, we have told our young people that a high school diploma is enough to get you a perfectly good job. In fact, that used to be our strength: people flocked to Michigan precisely because you could go right from the high school graduation line to a factory line and get a good job with good benefits.

Unfortunately, with globalization and competition, those days are over.

Today, all children in Michigan – not many, not most – but *all* our children must grow up knowing that their education will not end in high school.

Whether it is a four-year college degree, or a two-year associate degree, or other forms of technical training after high school, continued learning will be a requirement for all who seek a good-paying job in this new century.

Why do college degrees matter so much? One word: paycheck.

If you have any doubt, consider this: our newest auto factory – a partnership among Daimler Chrysler, Mitsubishi, and Hyundai in Dundee – is not hiring a single soul who hasn't gone to college.

And those who graduate from college don't just get jobs, they earn more.

If Alex Trebek said to you, "The answer is, 'just under a million dollars,'" your question would be: "What is the difference in lifetime earnings between a high school and a college grad?" That's right, almost a million dollars.

It's not just the individual – the state wins big too.

Those states with the highest number of adults with college degrees have the lowest unemployment rates, the highest personal income growth, and the fastest growing economies in this nation. More than any other factor, this one – a highly educated population – drives a state's economy.

Ten months ago, I asked Lt. Governor John Cherry to lead a Commission on Higher Education and Economic Growth, because I wanted to double the number of college grads in Michigan. Double. When we reach that goal, we will be the most well-educated state in the country. Thanks to the hard work of the Cherry Commission, we now have a road map to reach that awesome goal.

So how do we get there?

The Commission made 19 recommendations, but the most important was this: we must expect all high school students in Michigan to earn a college degree or its equivalent by continuing their education for at least two years beyond high school.

And we will.

The New MERIT Scholarship

Tonight, I am announcing a new MERIT scholarship that will ensure that every child in Michigan will have the opportunity to attend at least two years of study beyond high school.

We are – in essence – extending the promise of public education in Michigan. Today, parents know that education is available to all from kindergarten through 12th grade. With this new MERIT scholarship, we are extending that promise into the college years.

Beginning with the class of 2007 – today's high school sophomores – Michigan will ensure \$4,000 for every student who completes two years of college – whether they earn an associate degree from a community college, achieve junior status at a four-year institution, or complete a technical program off-campus.

\$4,000. For students who want to enter the workforce with an associate degree, the new MERIT scholarship means the state will essentially pick up the tab for tuition. And, those going on to four year degrees can use their new MERIT scholarship for their next year's tuition.

Either way, Michigan will be the first state in the nation to reward our students for completing two years of college, and we'll be the first to make it unmistakably clear – getting a college degree pays off.

The new MERIT scholarship may represent our first step toward college education for all in Michigan, but it will certainly not be our last.

In future years, I expect to raise the bar higher for students and provide greater financial support to those who clear it. But, one thing is clear today, the days when we define merit as success in high school are over. Michigan will now define merit the way the economy does – by rewarding those who earn college degrees.

If we want more college graduates in Michigan – we'll have to make sure all students leave high school with the skills they need to succeed in college and in life. All students, not just a few, will now need to take a demanding high school curriculum. To support this achievement we will provide financial assistance to school districts that adopt a high-expectations curriculum for all students. At the same time, we will let all students know they've got what it takes for college by replacing our high school assessment exam with one that doubles as a college admissions test. And, we will create new high school opportunities, particularly small high schools, to help the tens of thousands of students who now leave high school without a diploma stay on a path that leads to success in college and beyond

We will also create new opportunities this year for our youngest learners – our children in the first five years of life. Too many of these children today fall off the path to success in education long before they enter kindergarten. This year, we will bring new resources to bear on early

childhood education and care in Michigan through the creation of the Early Childhood Investment Corporation (ECIC). This unique public/private entity will consolidate state early childhood efforts and tap the resources of the private sector to make sure the hours our children spend in child care are hours spent learning and growing. We have already begun this work by overhauling the child care regulations so that day care centers become places of active learning, not just babysitting. If the MEDC is our job growth agency, the ECIC will be our brain growth agency.

Many of Michigan's leading businesses and foundations have come to see the money we spend on early childhood education as one of the best investments we can make in Michigan's future. By establishing the Early Childhood Investment Corporation, we will boost that investment and make sure it pays off for our state.

Credit Amnesty

But, we can't stop with just our youth. Traveling this state, I have met hundreds who have been victims of downsizing, rightsizing, outsourcing, or some other flowery word for being laid off, and they, too, want to get a degree and get a better job to support their families. Many of them – in fact hundreds of thousands of people – already have a start on college. Many would gladly juggle work and family life to go back to school, but they are deterred by a massive bureaucratic barrier – their college credits have expired.

This year, we will ask Michigan's colleges and universities to create a credit amnesty – accepting the old credits of those adults who re-enroll within the next three years to finish their degrees. This amnesty will create a window to go back to school to finish up the degree they started years ago – to learn more and earn more, and, in many cases, to model the way for their children.

MI Opportunity Partnership

In addition to these efforts to increase college enrollment, we will overhaul our employment training programs to help unemployed workers move into fields most in need of employees.

Between now and 2012, it is expected that Michigan will see an increased demand for some 300,000 workers with the skills needed to fill jobs in the building trades and in nursing and health care fields. Even today, while thousands of our people are looking for work, nearly 90,000 vacancies already exist. We actually have hospitals in Michigan recruiting nurses from Canada, while residents in our state are looking for work. We are grateful for those who cross the Ambassador Bridge to do God's work in our hospitals. But, if Michigan's employers can run help-wanted ads in Montreal, surely we can figure out how to prepare our people on Mack Avenue or in Monroe or Munising for those opportunities.

To meet this challenge, we will deploy the MI Opportunity Partnership to conduct immediate, rapid-response training to quickly and comprehensively train and place out-of-work citizens to fill the openings that employers have today, particularly in health care.

We'll combine state and federal resources and tap the tremendous potential of our community colleges. In the year ahead, we expect to match up to 30,000 Michigan residents with jobs that are going waiting today. And, we will keep working to close this skills gap over the next five years.

One of the first places our MI Opportunity Partnership effort will focus is in Detroit where we are beginning a rapid-response training effort with Wayne County Community College and area health systems. Right now, Southeast Michigan is turning to Canada to fill 3,000 positions in the

health care industry. Detroit Medical Center has 400 vacancies for nurses, medical technicians, and laboratory staff. Henry Ford has another 500. These are good jobs. Jobs that we can train qualified people for right here in Michigan. And, most importantly, because there's just no substitute for quality health care close to home – these jobs won't *ever* be outsourced.

I recognize that this State of the State address has been more narrowly focused than the ones usually delivered from this podium. While there is always a temptation for those of us in Lansing to use speeches like this to talk about *every* initiative and *every* change we're going to pursue in the coming year, I chose, tonight, to focus on the critical economic challenge before us. But, make no mistake – those critically important issues like health care and public safety and protecting our environment continue to have a key role to play in growing our economy...and this administration will continue the good work we've started on every one of them.

But, one non-economic subject deserves mention. I'll continue the fight I started as Attorney General to protect our children from the crass cultural currents that threaten to pull them into dark and unwelcome water.

The overwhelming majority of Michiganians worry that sex and violence in popular culture is tearing the nation's moral fabric. As a governor and as a mother, I'm one of them. This year, I will initiate proposals to shield our children from the coarse daily assault on their senses from popular media. We can start by passing Senator Hansen Clarke's bill to restrict the sale of mature, ultra-violent video games to children. But, we won't end there. Join with me, and we will send the message that, in Michigan, we are serious about protecting our children.

Tonight, I've offered a plan to create jobs today and jobs tomorrow; a plan that will make an unprecedented investment in diversifying Michigan's economic future; a plan that will put thousands of people to work now, making Michigan work better; a plan that trains our citizens for jobs now and jobs in the future; and, a plan that guarantees every child the opportunity to go to college.

The cynics will look at this plan and say we can't do it. I argue we must.

The naysayers will say we can't afford to do it. I say, with the changes in our global economy, we can't afford *not* to.

This will not be easy for any of us.

Our teachers – already working hard – will have to do even more to propel every child forward, through high school and beyond. Kids will have to study longer and harder. Parents will have to *encourage* those kids more than ever and turn off the TV more often.

Workers, often juggling two jobs, will have to return to the classroom to learn new skills for new jobs. And, we'll all have to summon courage to accept change, to forego the familiar and forge a better future.

Perhaps none will have to change more than those of us who serve in government. We must throw off the ease and the habit of partisan division and have the courage to stand on common ground.

We cannot afford to be divided or to be timid, because, my friends, we are not alone in the bid for new century industry and jobs. Think like a business: we must compete or be left in the dust by other states and countries. We need only look to California where voters have already approved a \$3 billion bond to promote biological research. I say we can compete with California just like the Pistons took it to the Lakers, but we have to come to work every day and bring some swagger.

So, my colleagues in the Legislature, get to know the person to your right and to your left. Come 2011, six years from today, neither of the people sitting with you, nor you, nor I, will be able to hold the seats we're in today. Our time is short. So, how will we have left this state? Will we have pretended that Michigan's place in the economy is unchanged and have hidden from the serious work I have proposed tonight? Or, will we courageously take on this incredible opportunity to transform Michigan into the state we know she is and hope she can be?

My fellow citizens, is it not true that we share this hope and vision – that every citizen should have the opportunity for a good life, starting with a good job? I have offered you a plan to achieve that hope, and to provide tens of thousands of jobs for people. I am on the side of hope, and I invite you to stand with me. I am on the side of compassion for our most vulnerable, and I invite you to stand with me. I am on the side of faith that our young people can meet higher expectations, and I invite you to stand with me. I am on the side of action, and I invite you to move with me.

At the last Cabinet meeting of 2004, General Thomas Cutler, who heads the Michigan National Guard, spoke eloquently of our men and women he had just visited in Iraq. He then presented me with this flag, at the request of a Michigan Guardsman, Captain Todd Fitzpatrick of the 185th Aviation Battalion. Captain Fitzpatrick had flown missions with this flag before him in the cockpit of his CH-47 helicopter. He wanted the Governor to have it as a symbol of thanks – for the love and support of all the people back home in Michigan.

So, I place this flag before you. It belongs to you – as a gift . . . and as a symbol. It reminds us that our troops remember us, and, so, we must continue to remember them and their families. This flag reminds us that the threads that unite us are strong, reaching across continents and oceans. Most of all, tonight, this flag reminds us that the courage we must show and the sacrifices we will make are modest, indeed, compared to the courage and sacrifice of the men and women who risk their lives for us and for America. Let us honor them, less with words than with our own deeds of courage, that they may come home to a Michigan further down its road of destiny: a Michigan stronger, prouder, and more vital than the Michigan they left.

God bless you all, and God bless Michigan.